

**MINUTES OF THE  
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT  
June 24, 2004 Meeting**

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<b>Members Present:</b>	David Simmons, Barbara Zimonja, Jerry Oldroyd, Richard Nelson, Cliff White, Ed Ekstrom, Joel Bradford, and Kenneth Woolley.
<b>Members Absent:</b>	Karen Alvey, Ted Smith, Bill Boyle, Dell Loy Hansen, Mark Howell, Debra Tanzi, and Jane Shock.
<b>Visitors:</b>	Dave Anderton, Deseret News, Lesley Mitchell, Salt Lake Tribune, Dan Scharf, Disney Channel, Brent Herridge, East Riverdale, Bob Springmeyer, Riverdale, Larry Hansen, Riverdale, Gardner Gree, EDCU, Stephanie Frohman, EDCU, Gayle Bunker, Delta City, Ron Pugmire, University of Utah, Pat Shea, University of Utah, Curtis Brunson, L3 Communications, David Bernhisel, L3 Communications, Walt Booker, L3 Communications
<b>Staff:</b>	Marian Hein, Tracie Cayford, Tamee Roberts, Jeremy Neilson, Lisa Howe, Mark Renda, Kelly Day, Connie Gates, Jeff Gochmour, Rod Linton, Cathy Rawstorne, Stan Nance, Leigh Von der Esch, Mike Keene, Aaron Syrett.

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**Welcome**

Chairman Simmons welcomed DBED Board, staff, and guests and asked for approval of the May 21, 2004 minutes.

**MOTION: Ed Ekstrom moved to approve May minutes as submitted. Kenneth Woolley seconded the motion. Motion Carried.**

**Walt Disney Studio's**

Leigh Von der Esch introduced Mary Ann Hughes from Walt Disney Studios and Dan Scharf from ABC who explained how Utah could work with them to make its film incentive future the best for the State. Ms. Hughes explained that they have applied for access to the IAF fund for the Disney film, Buffalo Dreams.

**Committee Reports**

*Centers for Excellence*

Mike Keene introduced Ron Pugmire, Associate Vice President for Research at the University of Utah, and Pat Shea who has been assisting with BLM issues, and Gail Bunker, Mayor of Delta. They represent constituents interested in the Auger Ultra High Energy Cosmic Ray Observatory Project in Millard County. Pat Shea gave an overview of the project and Ron Pugmire explained the science of it. Mayor Bunker explained how there is a convergence of economic investment in higher education and economic activity that is a very dynamic interface today. There is a great opportunity to bring in an international consortium of 17 different countries, which are exploring the cutting edge of science. Utah is still in competition with Colorado for this project. An economic development impact study will be submitted to the IAF Committee.

*Incentives Committee*

Barbara Zimonja gave the following report from the Incentives Committee:

The Incentives Committee consensually agreed to recommend approval of a rural incentive project as follows:

**MOTION: Approve for Project Blanket \$2,200 per new employee position, for a maximum rural incentive of \$151,800 or \$2,000 per new employee position, for a maximum corporate incentive in an urban area of \$138,000 on a post performance basis for 69 new full-time employee positions over five years with a salary meeting or exceeding 125% of the County median wage. The company must commit to keep operations in Utah for five years. Ed Ekstrom moved to approve; Kenneth Woolley seconded the motion. Motion carried.**

The Incentives Committee recommended approval of the L3 Communications West project's request for \$800,000 as follows:

**MOTION: Approve for L3 Communications Systems West \$2,000 per new employee position, for a maximum incentive of \$800,000 on a post performance basis for 400 new full-time employee positions over five years with a salary meeting or exceeding 200% of the Salt Lake County median wage. The company must commit to keep operations in Utah for five years. Richard Nelson moved to approve; Ed Ekstrom seconded the motion. Motion carried.**

Curtis Brunson, President, David Bernhisel, and Walt Booker from L3 Communications were introduced. Mr. Brunson gave an overview of L3 Communications and its twelve - year relationship with Utah's economy.

Utah Capital Investment Corporation

**The Incentives Committee recommends approval for Utah Capital Investment Corporation awarding a maximum of \$700,000 based upon \$350,000 - Upfront 0% interest seed loan**

- Loan disbursed upon signing of contract in 2004
  - Repayment begins the earlier of a) when \$50,000,000 is committed to the UCIC for investing in the Utah Fund of Funds or b) 12 months after the UCIC receives its first dollar commitment to the Utah Fund of Funds
  - 18 month repayment term (monthly payments of \$19,444.44)
  - \$350,000 - 5% interest working capital loan
  - Up to \$87,500 available quarterly upon request, beginning 6 months after the disbursement of the first upfront loan. To avoid forfeit of quarterly loans, requests must come in four consecutive quarters.
  - Repayment begins the earlier of a) completion of fund raising activities or b) 12 months after receiving the first installment of the working capital loan.
- Repayment term: 24- month repayment (monthly payments of approximately 15,312.50)

**MOTION:** Barbara Zimonja moved to approve the \$700,000 loan as outlined above; Joel Bradford seconded the motion. Jerry Oldroyd and Ed Ekstrom abstained from the motion. Motion carried

Designation of Riverdale City AATIF Zone

The Incentives Committee presented a resolution for approval to include Riverdale in the development of zones for aerospace and aviation development with a motion from Jerry Oldroyd for amendment as follows:

**MOTION:** A Resolution of the Utah State Division of Business and Economic Development Board approving the creation of an Aerospace and Aviation Development Zone pursuant to House Bill 316 of the 2003 General Session at and around the Ogden City Hinckley Airport.

WHEREAS, 9-2-2003 UCA was created to provide incentives for economic development by creating aerospace and aviation development zones for new commercial development.

WHEREAS, rule 9-2-2003 "Creation of Development Zones" stipulates that the department, with approval by the board, may create an Aerospace and Aviation Development Zone at or around any airport in the state that satisfies the following requirements:

- (1) The airport shall have an instrumental landing system
- (2) The airport shall have a manned air traffic control landing system
- (3) The airport shall have land available for commercial development on, or contiguous to the airport; and
- (4) Subsections (1) and (2) sunset on January 1, 2006, unless the Legislature determines otherwise.

NOW, THEREFORE, the board of Business and Economic Development hereby resolves:

1) The map attached, referred hereto as Exhibit A, is hereby approved to make up the boundaries of the Aerospace Development Zone. The Land Serial Number for each parcel is the following:

08103-0058, 0061, 0004, 0007, 0068, 0010, 0060

08098-0061, 0034, 0037, 0038, 0032, 0031, 0056, 0038, 0063

08092-0015, 0016, 0030, 0031, 0032, 0001, 0034, 0035 (0005 is in unincorporated Weber County)

08087-0040, 0072, 0024, 0029, 0078

2) The Ogden City Airport does meet the four requirements of rule 9-2-2003 and hereby approves the designation of the Aerospace Development Zone per the boundaries of Exhibit A.

Jerry Oldroyd motioned to approve the amended resolution; Richard Nelson seconded. Motion carried.

Bob Springmeyer, a Consultant working for Riverdale, Larry Hansen, and Brent Harridge from Riverdale City were introduced and explained the City's plan in playing a support role to the companies that would locate around the manufacturing operation if it comes to fruition.

*Utah Film Production Incentives:*

Barbara Zimonja presented a unanimous recommendation from the Incentives Committee to approve the following Film Production Incentive:

**MOTION:** To approve for Salty Pictures--Buffalo Dreams a film production incentive rebate of dollars left in the state per the schedule already adopted by the Board, not to exceed 12% if Salty Pictures--Buffalo Dreams contains Utah Content and dollars left in state equals at least 60% of total project budget. Total dollar amount for the rebate not to exceed \$250,000. Ed Ekstrom made a motion; Joel Bradford seconded. Motion carried.

**Best Practices Committee:**

Ed Ekstrom reported that the Best Practices Committee is promoting the concept of balanced, sustained, aligned and managed, as supported and practiced by other committees. In the balance, there has to be a broad set of programs focused on economic development, done within asset allocations at hand. No one thing can be over focused and higher education has to be included. It has to be sustained for a long period of time and alignment between constituencies has to be created so there are no conflicting agendas. Make sure that it is managed, accountable, and measured.

**Division Reports**

Jeff Gochmour gave the following update on DBED program activities:

*Technology and Science*

- The division is working hard on the Batelle Technology maturation center.
- The division is hosting the National Seed and Venture fund annual conference in Salt Lake City from November 10-12, 2004. There has been \$150,000 obtained to host the conference and about \$140,000 committed. Programming will be the next step in how we will be participating in that.
- Continuing work on the fund of funds.
- An aerospace industry association is being formed.
- Continuing work with Envision Utah on a tool -box for economic development planning.
- On July 20, 2004, there is a meeting with all of the principal investigators of the Centers for Excellence.
- An intern from the University of Utah was hired to create a history of the Centers for Excellence.
- Mike Keene was chosen to chair an organizing committee on hosting the Association of Space Explorers annual conference to be held in Salt Lake City in 2005.
- Mike continues work with the Leonardo team, which is the new science center to be created on Library Square.

*Utah Film Commission*

- There is a task force that has been formed in the legislature, who work at finding long-term solutions to incentives and other items.
- The division is continuing work on the digital location library, which should be complete by the end of July 2004.

*National Business Development*

- The Utah Business magazine was distributed to Board members. Included in the publication are the 2004 facts book and 2004 publication of doing business in Utah. This is the third year of the magazine's publication.
- In-line plastics have located in Ninogret Park and will initially employ 35 people.
- Dave Douglass is working with a site consultant who represents two companies that could locate in Utah and create over 2000 jobs.
- Cathy Rawstorne and Marian Hein attended the Bio 2004 conference in San Francisco this month. It is the largest Bio Medical conference in the nation and presents opportunities to meet with venture capitalists continuing to support us in making contacts in this field.
- Jeff Gochmour and Tracie Cayford will attend a media tour in New York to promote the state and generate publicity in various business periodicals such as Money Magazine, Wall Street Journal On line, Business Week, and others. The tour was arranged by the Richter 7 advertising agency.

*Business Expansion Retention and Rural:*

The office of Rural Development has been established with Ed Meyer heading it up in conjunction with Utah State University Extension, The Utah Rural Development Council and the Governor's office. A survey of rural Utah businesses and government leaders regarding their economic perceptions and ideas concerning potential initiatives is being conducted.

- Senator Bennett hosted a rural Utah summit in Richfield and inaugurated excellence in rural technology awards. A number of smart sites were awarded along with one of the Native American 8A entities.

*International Business Development*

- Delegations from Russia, China, and Morocco were in Utah this month. Most of the International team is abroad for advance preparation for a Trade Mission to South America. Countries to be visited in the fall are Brazil, Argentina, and Chile.
- The Harvard Kennedy School of China's government leaders will be in Utah the first week in August.

**Other Business:** With no further business to take care, Chairman Simmons adjourned the meeting at 12:10.